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ABSTRACT

This lesson on obtaining technical assistance, the fourth in a series of 18 units, is part of the first level of a comprehensive entrepreneurship curriculum entitled: A Program for Acquiring Competence in Entrepreneurship (PACE). (Designed for use with secondary students, the first level of PACE introduces students to the concepts involved in entrepreneurship and helps them become aware of entrepreneurship as a career option.) The following topics are covered in the unit: the ways in which technical assistance can help the entrepreneur; the types of technical assistance needed by entrepreneurs; and sources of technical assistance (business affiliations, business associations, government agencies, educational institutions, professional services, and publications). Included in the lesson are instructional text organized in a question-and-answer format, group and individual learning activities, a case study, and assessment questions. (MN)

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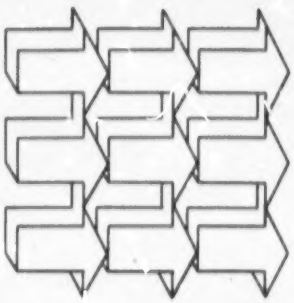

UNIT 4

- [x] Level 1
- [ ] Level 2
- [ ] Level 3

Obtaining Technical Assistance

Developed by M. Catherine Ashmore and Sandra G. Pritz

You will be able to:

- **Discuss how technical assistance can help the entrepreneur.**
- **Identify the types of technical assistance needed by the entrepreneur.**
- **Know where to find technical assistance.**

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BEFORE YOU BEGIN. . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.

2. Read the Unit Objectives on the front cover. If you think you can meet these objectives now, consult your instructor.

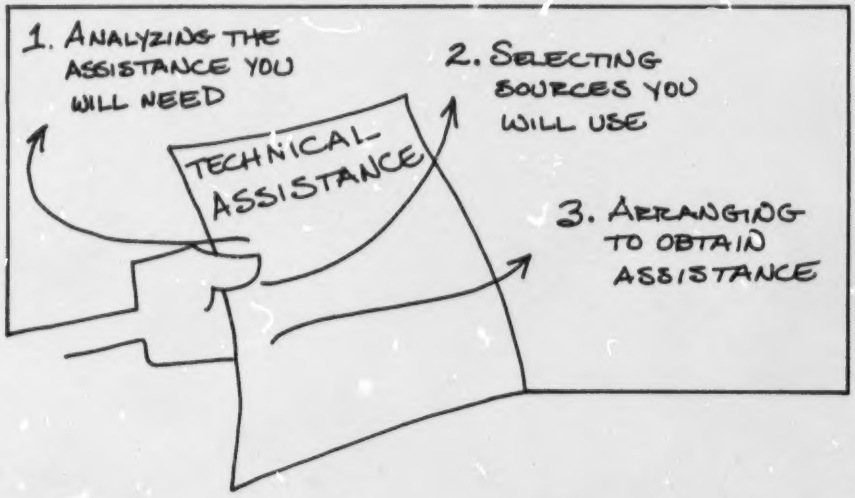
3. Look for these business terms as you read this unit. If you need help with their meanings, turn to the Glossary in the *Resource Guide*.

   business affiliation
   buying group
   cooperative

OBTAINING TECHNICAL ASSISTANCE

WHAT IS THIS UNIT ABOUT?

This unit will help you see that there are many sources of technical assistance to help you get started as an entrepreneur. First, you will consider the kinds of help technical assistance can provide. You will identify the types of technical assistance you would need. Then you will learn where you can get technical assistance.


1. ANALYZING THE ASSISTANCE YOU WILL NEED
2. SELECTING SOURCES YOU WILL USE
TECHNICAL ASSISTANCE
3. ARRANGING TO OBTAIN ASSISTANCE

Gathering information about a problem or question from more than one source forces an entrepreneur to examine alternative solutions before taking action. You will be making decisions by the dozens if you become an entrepreneur. One of the basic principles of good decision making is that you should consider several possible answers to a question before deciding on the best one. The act of seeking technical assistance will help you move more slowly and deliberately than you might if you were making decisions "off-the-cuff."

Finally, getting help from experienced people and specialized agencies will help you develop confidence in yourself. Talking to others and reading about people who have opened and operated their own businesses will help you feel less tense about starting your business. It will also help you become more confident about becoming an entrepreneur.

WHAT IS TECHNICAL ASSISTANCE?

You must have thorough knowledge of a product or be highly skilled in providing a service before thinking of going into business for yourself. Indeed, that should have been the "given" factor that prompted you to think about entrepreneurship in the first place. If you have developed a high level of competence in an area, and believe that customers will buy that competence from you, then you have one of the requirements for entrepreneurship.

But expert ability related to product or service "know-how" is really only the beginning. Over time, you may develop most of the knowledge and skills an entrepreneur needs, but in the beginning you will need a lot of help.

Technical assistance is the term used to describe the outside help you will need to open and operate a small business. The use of technical assistance does not indicate failure. Rather, it shows that you know where you need help and that you know how to get it.

HOW CAN TECHNICAL ASSISTANCE HELP THE ENTREPRENEUR?

An abundance of technical assistance is available to entrepreneurs. This advice and information provides you with access to the experience that every new owner/manager must have. As you begin your business, you probably will not know how to perform all the tasks required of you. Being aware of the wealth of technical assistance available to you is like having qualified advisers standing by to help you solve every problem.

WHO IS MY COMPETITION?
WHERE DO I LOCATE?
WHERE CAN I GET THE BEST QUALITY, PRICE & SERVICE?
WHO ARE MY CUSTOMERS?
WHAT ARE THEIR BUYING HABITS
PRICING POLICY?
COMPANY IMAGE?
MARKETING STRATEGY

WHAT TYPES OF TECHNICAL ASSISTANCE ARE NEEDED?

The job of the entrepreneur is complex, but all of the tasks you will need to perform can be classified into two broad categories:

1. Those you must do before the business opens
2. Those you must do after the business is operating

Before the business opens you need to—

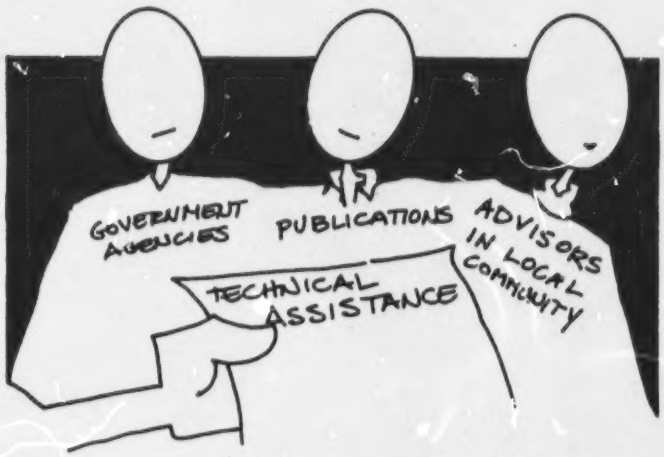
- assess your aptitude for entrepreneurship;
- identify entrepreneurship opportunities;
- develop a marketing plan;
- select a business location;
- develop a financial plan;
- select a legal structure.

After the business is operating, you need to be able to—

- manage finances;
- manage marketing;
- manage sales promotion;
- manage human resources;
- manage sales;
- manage customer relations;
- protect the business.

Each of these tasks requires specific knowledge and skill. In fact, each of the tasks might be divided into several more subtasks because of the knowledge or skill it requires. So you need to know a lot and be able to do a lot. Are you already competent enough to handle all these tasks? If so, you are really unusual, for most entrepreneurs never become completely skilled in all areas.

If you don't possess the knowledge and skills for one of your tasks, you will need to seek technical assistance. Plenty of help is available, and the remainder of this unit tells you where to find this technical assistance.



WHERE IS TECHNICAL ASSISTANCE FOUND?

Whatever troubles you may have in becoming an entrepreneur, you won't find it difficult to get technical assistance. In fact, you may find that your greatest difficulty is choosing the best technical assistance from all that is available. In the following review, technical assistance is classified into six major categories:

- Business affiliations
- Business associations
- Government agencies
- Educational institutions
- Professional services
- Publications

A brief description of each category is provided to give you an idea of the vast quantity of technical assistance available. Units on obtaining technical assistance at Levels 2 and 3 in the PACE series will provide additional information.

WHAT ASSISTANCE DO BUSINESS AFFILIATIONS PROVIDE?

A *business affiliation* is a group of companies legally joined with each other for mutual benefit. Three business affiliations that provide technical assistance for small businesses are *franchises, cooperatives,* and *buying groups.*

Franchises

A *franchise* is a form of marketing in which the main owner or "parent company" markets a product or service through local businesses, while keeping various amounts of control over the operating methods used in each business.

Most of the fast food businesses in your community are franchises. A national company provides the logo, the recipes, the advertising plan, the marketing plan, and the plan for operations. A local entrepreneur pays money for these services—a large amount in the beginning and then a share of the profits for as long as the business operates.

The most comprehensive franchises, like those just mentioned, provide much of the technical assistance needed by the small business owner. Other franchising arrangements may provide only a company name and a supply of the product.

Although franchises also provide a great deal of technical assistance, they also limit your freedom to be your own boss. The more assistance you get from the franchisor or parent company, the less free you are to "do your own thing"—and the more it costs you. Some franchises are very expensive because they provide a wide range of assistance. And remember—the entrepreneur must pay for such services from the company profits.

Cooperatives

A *cooperative* is a business that is owned and operated by a number of different companies for their mutual benefit. For many years farmers have joined cooperatives to receive some of the benefits of partnership without actually having others invest in their business.

Some of the benefits of membership in a cooperative are—

- better prices from suppliers because of large quantity purchasing power,
- less expensive warehousing and storage because of shared expenses,
- reduced costs for advertising or sales promotion due to the sharing of expenses.

Membership in cooperatives is normally maintained through membership fees or purchased shares. Technical assistance to member companies may be provided if the members are willing to pay for such services. The larger cooperatives provide newsletters and technical information for the members.

Buying Groups

In businesses where there are fast-changing styles (as in women's fashion apparel), perishable goods (fruits and vegetables), or rare gifts and collectibles (foreign markets), some purchases from wholesalers or distributors must be made quickly. This means that someone has to be on hand to make selections quickly when the merchandise becomes available.

Since most businesses cannot afford to employ buyers who stay in the market and search for the "good buys," such companies may join a buying group. A buying group is a business organization that employs buyers in a central office who search for unique products or "best buys" as instructed by member companies.

Thus an owner/manager of a woman's high fashion store in Tupelo, Iowa, can have access to the newest fashions on the day they appear in New York. Or this same owner may secure similar buying services in any of the other central fashion markets in the world: Chicago, Los Angeles, Atlanta, London, Paris, or any other fashion center. He or she can obtain these services by joining a buying group in that city.

Members of the group pay fees for the services they receive. Memberships are maintained on an annual basis. Sometimes a buying office is itself a small business. In such cases, an independent entrepreneur does not compete with the businesses served. In other cases, a group of independent businesses that sell similar products or a chain of businesses may operate its own buying office.

A buying office may provide technical assistance in the form of product information, sales promotion ideas, and selling aids to member businesses. The office also follows up on orders placed by the company with manufacturers or wholesalers in the central market. In addition, they often send out bulletins about market trends and prices.

HOW CAN BUSINESS ASSOCIATIONS HELP?

A number of national business associations are concerned with providing information and support for small entrepreneurs. Many of these associations have regional, state, or local offices that are responsible for providing assistance to member companies. These business associations are often able to put you in touch with sources of information even if they themselves don't have the answer to your problem.

Business associations may maintain staffs of specialized employees to edit newsletters or magazines, provide training courses or seminars for members, and lobby for legislation of interest to the type of business that the association represents.

They usually hold meetings and annual trade shows. Such events are excellent ways for keeping up with what is new in your industry and for talking to competitors and suppliers. Local chambers of commerce might also be able to offer assistance.

A listing of representative business associations is provided in the *Resource Guide*.

HOW DO GOVERNMENT AGENCIES HELP?

A number of federal government agencies provide information for entrepreneurs at little or no cost. Four of these agencies are of primary importance: the Small Business Administration and the U.S. Departments of Commerce, Labor, and Education.

Small Business Administration

The Small Business Administration (SBA) is a federal agency that is devoted to finding and organizing sources of assistance to help small businesses. The SBA has regional and branch offices all over the U.S. and its territories. It offers the following technical assistance services:

- Employs staff specialists in SBA offices to counsel entrepreneurs
- Provides consultation services from the volunteer Service Corps of Retired Executives (SCORE)
- Licenses, regulates, and helps finance privately owned Small Business Investment Companies (SBICs) that extend long-term loans to small companies
- Publishes information on every aspect of opening and operating a small business
- Contracts for the making of films to educate small business owners
- Co-sponsors educational programs in local communities, along with adult vocational education agencies

U.S. Department of Commerce

The U.S. Department of Commerce provides a number of helpful publications of particular interest to would-be or current entrepreneurs. One of these is the *U.S. Census of Business*, which includes statistical information about the businesses operating in each American community.

Through its Minority Business Development Agency, the Department invests a great deal of money and energy in helping minority individuals become successful entrepreneurs. Through its regional offices, the federal office licenses locally owned Business Development Centers to help minority persons prepare their business plans and find the money they need to open and operate a business.

U.S. Department of Education

The U.S. Department of Education (formerly the U.S. Office of Education) has funded a number of projects that have produced instructional materials for entrepreneurship. You will probably find some of these materials used in some of the entrepreneurship classes you take. Ask your instructor to refer you to these materials if you wish to pursue independent study for entrepreneurship.

The American Women's Economic Corporation

This federally financed pilot program located in Washington, D.C., trains and counsels female entrepreneurs. It screens interested women for their chances of success as entrepreneurs and offers a one-year educational program for those who qualify.

Other Government Agencies

This is only a partial list of the help you can get from federal agencies. If you contact any of the agencies discussed, you will find that other types of technical assistance are also available.

You will also find state and local government agencies that can offer help to the small business owner. Your teacher and other technical advisers can direct you to them.

WHAT ASSISTANCE CAN EDUCATIONAL INSTITUTIONS GIVE?

Today entrepreneurship education is a growing field of study. Hundreds of courses are springing up in public secondary and postsecondary schools, in vocational and technical schools, and in universities and colleges. Several private institutions for preparing entrepreneurs are also operating.

All of these institutions have teachers and materials that can provide technical assistance for entrepreneurs. You are experiencing an educational program for entrepreneurs at the beginning or "exposure" level. As the level of education advances, the information and assistance available also advances and becomes more technical.

Your knowledge and skill as an entrepreneur can continue to grow as long as you are in business for yourself. At whatever level of performance you find yourself, there will be public or private education courses, seminars, workshops, or independent study opportunities available somewhere close by.

A listing of sources of technical assistance would not be complete without mentioning your competitors. You should attempt to establish friendly relationships with your known competitors. The value of "talking it over" with someone who is also in the business can provide outside opinions to aid in decision making. Successful competitors may not want to share all their secrets with you, but they are usually pleased to help you with most technical matters.

HOW CAN TECHNICAL-PROFESSIONAL CONSULTANT SERVICES BE USED?

Opening or managing a small business will demand the service of professionals from the community. For example, you may not be competent in the area of financing the business. You will need the help of a banker or investment firm representative to advise you.

You will also be dealing with government regulations and reports and may not feel qualified to communicate with these agencies about taxes or regulations. In addition, you will need to select a legal form or structure for your business. For these and other legal matters, you will need the professional services of a lawyer.

For setting up a recordkeeping system, maintaining your financial records, and completing income tax returns, you will probably recognize the need for an accountant's services.

WHAT DO TECHNICAL-PROFESSIONAL CONSULTANTS CONTRIBUTE?

The need for outside technical assistance related to manufacturing, marketing, financing, or managing is very common among entrepreneurs. A whole consulting industry has evolved to provide specific technical information and advice. Depending on the amount of money you want to spend, professional consultants may assist you with a specific problem or project, or they can provide broader, more comprehensive services.

ARE CONSULTANT SERVICES FREE?

Some professional services will be available to you without charge because the technical specialist wants to sell you a product or service. For example, the banker or investment company representative will advise you about financial matters in hopes of lending you money or having you "do business" at that bank.

The advertising agency representative, on the other hand, will charge you for consultation time until you become a regular client (customer). Then the cost of such consultation time is figured into your cost of advertising. Suppliers or vendors charge nothing and may be excellent sources of technical assistance, because they know their own and their competitors' products or services. But their advice alone can prove less than satisfactory.

Insurance company representatives will provide technical assistance in the hope that you will buy your insurance from that company. Security consultants and other specialized service consultants provide technical assistance while you are considering the purchase of such services, and are usually also available as long as you are "their customer."

Consultants who provide technical assistance in areas related to legal matters, accounting, financial planning and management, products, technical processes, or specialized services charge a predetermined fee based on the services you wish to receive.

HOW CAN PUBLICATIONS HELP?

A wide variety of books and magazines are currently provided by commercial and/or business publishers. These publications are effective means of keeping up to date with changes in technology within your industry. They will provide you with specialized management and technical knowledge and skills—for business in general or specifically for your industry.

ACTIVITIES

Do you feel knowledgeable about the various kinds of technical assistance available to entrepreneurs? The following activities will help you find out.

GROUP ACTIVITY

Divide the class into two teams and play a game of charades, acting out the technical assistance terms for the other team to guess. Time each charade and record how long it takes each team to guess the right answer. Set a time limit. The team with the shortest total time wins.

CASE STUDY

Bill and Mary Ann Kowalski are potential high school entrepreneurs who need some technical assistance. They don't need help with their product. They think they have it. In fact, they *know* they have it.

The two young Kowalskis are twins in the twelfth grade at St. Peter's Catholic Day School. They should be classified as members of that growing population of teenagers known as "microkids" because of their skill and knowledge related to microcomputers.

Bill works at a microcomputer store. At least, others call it *work*. He calls it play. He really loves his job and looks forward to each Saturday when he can spend all day teaching customers at the store about microcomputers. He has been working there since his sixteenth birthday—nearly two years.

Bill learned programming at work and last Christmas, when Mrs. Kowalski bought a small computer for the family, Bill taught Mary Ann how to use it. Later he taught Mary Ann the game that he developed. Since then, Mary Ann, who wants to be a graphics artist, has designed the visual effects for the computer screen.

The owner of the computer store assures Bill and Mary Ann that the the game they have developed is marketable.

Answer these questions. Discuss your answers with your teacher or with other class members.

1. How could technical assistance help Bill and Mary Ann?
2. What types of technical assistance do they need?

INDIVIDUAL ACTIVITY

The Technical Assistance Puzzle

Get a copy of the Technical Assistance Puzzle from your instructor. Using the clues below, fill in the technical assistance terms in the following puzzle. Your instructor has the puzzle answers.

Across

1. The federal agency that has funded a number of projects that have produced instructional materials for entrepreneurship is the _____ ----------

2. Depending on the amount of money you want to spend, a professional _____ may assist you for a predetermined fee.

3. For setting up a recordkeeping system, maintaining your financial records, or completing income tax returns, you will probably need the services of an _____.

4. A _____ is a business in which the owners or parent company markets a product or services through a local business while keeping control of operating methods.

5. For legal matters related to your business, you will need the professional services of a _____

6. The _____ is a federal agency that devotes all of its efforts to finding and organizing sources of assistance to help small business.

7. The U.S. _____ publishes the *U.S. Census of Business.*

8. Groups of companies legally joined with each other for some mutual benefit are called _____

9. Bankers, lawyers, accountants, and consultants provide _____ _____ to the entrepreneur.

10. _____ are an effective way of keeping up to date with changes in technology within your industry.

Down

1. _____ is the term used to describe the outside help you will need to open and operate a small business.

2. _____ usually hold annual trade shows where you can learn what is new in your industry.

3. The Small Business Administration and the U.S. Department of Commerce are examples of _____ that help entrepreneurs.

4. A _____ is a professional in the community who can provide technical assistance related to financing the business.

5. Some of the benefits of a _____ are: better prices from suppliers, lower warehousing expenses, and reduced advertising costs.

6. A _____ is a business organization that makes product purchases in a central market for its member businesses.

ASSESSMENT

Directions: Read the following assessment questions to check your own knowledge of these topics. When you feel prepared, ask your instructor to assess your competency on them.

Explain in one or two paragraphs each of the following statements:

1. Technical assistance provides the entrepreneur with access to experience.
2. All the tasks the entrepreneur will need to perform can be classified into two broad categories.
3. The most comprehensive franchises provide much of the technical assistance needed by the small entrepreneur.
4. Although franchises often provide a great deal of technical assistance, they also limit your freedom to be your own boss.
5. For many years, farmers have found that joining a cooperative is a good idea.
6. Some companies employ a buying group to purchase products for them in central markets.
7. Business associations usually hold meetings and annual trade shows that can provide technical assistance to members.
8. A number of federal government agencies provide information to entrepreneurs at little or no cost.
9. Entrepreneurship education is a growing field of study today.
10. A listing of sources for technical assistance would be incomplete without mentioning your competitors as a source of help.
11. Opening or managing a small business will demand the services of professionals from the community.
12. Some professional services will be available without charge because the technical specialist wants to sell you a product or service.
13. Publications are an effective way of keeping up to date with changes in technology within your industry.

For further information, consult the lists of sources in the *Resource Guide*.

PACE

Unit 1. Understanding the Nature of Small Business

Unit 2. Determining Your Potential as an Entrepreneur

Unit 3. Developing the Business Plan

Unit 4. Obtaining Technical Assistance

Unit 5. Choosing the Type of Ownership

Unit 6. Planning the Marketing Strategy

Unit 7. Locating the Business

Unit 8. Financing the Business

Unit 9. Dealing with Legal Issues

Unit 10. Complying with Government Regulations

Unit 11. Managing the Business

Unit 12. Managing Human Resources

Unit 13. Promoting the Business

Unit 14. Managing Sales Efforts

Unit 15. Keeping the Business Records

Unit 16. Managing the Finances

Unit 17. Managing Customer Credit and Collections

Unit 18. Protecting the Business

Resource Guide

Instructors' Guide

Units on the above entrepreneurship topics are available at the following three levels:

- Level 1 helps you understand the creation and operation of a business
- Level 2 prepares you to plan for a business in your future
- Level 3 guides you in starting and managing your own business

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